

**IN THE UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION**

BRADLEY J. SCHAUFENBUEL; et al.,)	
)	
Plaintiffs,)	
)	Case No. 09-CV-1221
v.)	
)	
INVESTFORCLOSURES FINANCIAL, L.L.C.; et al.,)	Judge Leinenweber
)	
)	Magistrate Judge Nolan
)	
Defendants.)	

**MOTION TO HOLD CERTAIN DEFENDANTS IN CONTEMPT AND FOR
SANCTIONS**

NOW COME Plaintiffs Bradley J. Schaufenbuel ("Brad S"); Robert N. Schaufenbuel ("Robert S"); John and Sarah Reed, IV ("Reed IV"); John and Jan Reed, III ("Reed III"); American Mass Media Corporation ("AMMC"); and Roberta K. Clark ("Clark"), on behalf of themselves and all others similarly situated (collectively referred to as "Plaintiffs" or "Investors"), by and through their attorneys Thurston Law Offices, P.C. and Law Offices of Joel M Weiner, LLC, and pursuant to Fed.R.Civ.P. 70 hereby respectfully move this honorable Court to enforce the Standstill Agreement or alternatively appoint a Receiver for control of the Mexico property, hold certain Defendants in contempt and for sanctions. In support of their Motion, Plaintiffs hereby state and allege as follows:

1. On February 27, 2009, Plaintiffs filed their Motion for Preliminary Injunction in this matter (Document #7).
2. On March 12, 2009, Judge Leinenweber referred the Motion for Preliminary Injunction and related matters to Magistrate Judge Nolan (Document #22).

3. On March 13, 2009, Plaintiffs filed their Motion for Temporary Restraining Order ("TRO") in this matter (Document #19).

4. Over a series of conference calls with this Court and between counsel for the parties, the parties came to agreement relating to the issues raised in the TRO. This agreement was incorporated into a Standstill Agreement, which was adopted by this Court as enforceable on March 23, 2009 (Documents ##31 and 33).

5. The Standstill Agreement provides in pertinent part: "IFC Defendants and Guidi are prohibited from selling, disposing of, encumbering, destroying, changing ownership of, or otherwise transferring the Mexico Property" and "IFC Defendants shall not personally, or through any agent, in any way voluntarily assist any other person, including but not limited to any party named herein, in selling, disposing of, encumbering, destroying, changing ownership of, or otherwise transferring the Mexico Property." (Document #33, §§ V(A) and (B)).

6. **One day** after the entry of the Standstill Agreement, Francis X. ("Frank") Sanchez, as Chief Executive Officer of Realty Opportunities International S. de R.L. de C.V. ("ROI Mexico") and its d/b/a Sands of Gold Estates, posted a "CEO Update" on the ROI Mexico website and sent the link to certain investors on March 24, 2009. (A true and correct copy of the CEO Update webpage is attached hereto as Exhibit A.)

7. The CEO Update indicates that Frank Sanchez and ROI Mexico are attempting to move forward with \$50 million of financing from an international bank for development of the Mexico property and he is trying to "facilitate a meeting with the Mexican President, Felipe Calderon. We anticipate his 'formal'

support of the project. The economic initiative of the president couldn't have come at a better time. The Sands of Gold Project fits in well with the outlined plans of the president." (See Exhibit A.)

8. In other words, despite the Standstill Agreement that Frank Sanchez and ROI Mexico agreed to and which was endorsed and entered by this Court, Frank Sanchez and ROI Mexico intend to go forward with plans to encumber the Mexico property with secured financing and further alter the property.

9. Frank Sanchez has appeared through counsel before this Court (Documents ##13-25 and 30) and both Frank Sanchez and ROI Mexico are parties to the Standstill Agreement (Document #33, § II(B)).

10. Counsel for Plaintiffs made a good faith attempt to draw this to the attention of attorney Robert Christie, counsel for Frank Sanchez and ROI Mexico, on March 25, 2009, but no response was given. (Certification of Robert C. Thurston, ¶¶1-4.)

11. Rule 70 states in pertinent part: "If a judgment requires a party . . . to perform any other specific act and the party fails to comply within the time specified, the court may order the act to be done — at the disobedient party's expense — by another person appointed by the court" and "The court may also hold the disobedient party in contempt." Fed.R.Civ.P. 70(a) and (e).

12. The CEO Update makes it clear that Frank Sanchez and ROI Mexico do not respect the powers and jurisdiction of this Court. They are flaunting their disregard for this Court and the efforts made by the Court and the parties in preparing the Standstill Agreement. Frank Sanchez and ROI Mexico are making it

abundantly clear that neither intends to comply with the Standstill Agreement or instructions of this Court.

13. Mr. Christie's failure to respond to Plaintiffs' counsel's email regarding this problem evidences his support or endorsement of his clients' actions.

WHEREFORE, Plaintiffs respectfully request that this honorable Court grant their Motion for Contempt and for Sanctions and enforce the Standstill Agreement or alternatively appoint a Receiver for control of the Mexico property; hold Defendants Frank Sanchez and ROI Mexico and/or their counsel Robert Christie in contempt; for sanctions as determined by this Court; and/or such further and additional relief to assure future compliance with the Standstill Agreement.

Respectfully submitted,
PLAINTIFFS

By: /s/ Robert C. Thurston
One of Their Attorneys

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EXHIBIT A



CEO Update

Note: Please "Refresh" or "Reload" this page to see the latest updates

March 24, 2009

Dear Investors,

If you remember we were negotiating a deal with a **finance group** that will buy a small equity stake in the project. This deal has been reviewed by both sides and has been finally agreed upon. ☐
As usual, attorneys complicated this way beyond what was even remotely necessary, in my opinion. But, the bottom line is that we should have a signed agreement this week and within 30 days we will be disbursing funds back to the investors. Since the finance group will be making payments to us, the Board is working on a payment plan for those that are on a list of people who have been waiting for payouts. One investor suggested that payouts be done on a pro-rata basis, and the Board likes that idea. I am in agreement with it, at least initially. The bottom line is, I know that there are investors that really need some relief ASAP, so I'm going to keep this in mind as we create the payment plan.

Also, know that we are working on a plan to create different classes of shares that would be tied to various elements such as SOP members, Warrant holders, and exiting IFC members and having those shares tied to the assets of IFCV, mainly the entitled land. We should have this plan completed in April.

There are a few corrections with the **International Bank** status. The program that we spoke about in our last update was talking about a \$35M program that we had sent the info of the project to and they were reviewing it. First, the amount is actually for \$50M, and second, this only became official March 10, 2009. Everything else pretty much still applies; except for we have been very lucky in that the outgoing Director of the bank is helping us formulate the proper letters to help expedite the financing process.

We are contacting our political friends to help facilitate a meeting with the Mexican President, Felipe Calderon. We anticipate his "formal" support of the project. The economic initiative of the president couldn't have come at a better time. The Sands of Gold Project fits in well with the outlined plans of the president.

<http://edition.cnn.com/2008/WORLD/americas/10/08/mexico.economy/index.html#cnnSTCText>
<http://edition.cnn.com/2009/WORLD/americas/01/07/mexico.economic.recovery/index.html#cnnSTCText>

The SBLC facilitators are working on the actual plan that will be used once the SBLC has been created. They have emailed us and told us they are busy in England but to continue to work on our meeting with the bank. They will contact us once they return to the United States. They say that because of the changes that have taken place in the market place there a different products that will be more beneficial to the banks. This is what they will be outling to us in order to present to the bank.

Thanks to all the investors we appreciate your interest in what is going on and we appreciate your prayers and continued support and patience.

God Bless the Sands of Gold financing effort.

Sincerely,

Francis "Frank" Sanchez
Chief Executive Officer

